

Statement on the Implementation of Section 9006 of the Food Security and Rural Investment Act of 2002

American Council for an Energy-Efficient Economy
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The Energy Title (IX) of the Food Security and Rural Investment Act of 2002 (Farm Bill), contains a new section (9006) that directs the USDA to implement a renewable energy and energy efficiency improvement grant and loan program. The Farm Bill enables the USDA to determine the implementation strategies for Section 9006. Based on our public interest goal of increasing energy efficiency on farms, ACEEE seeks to apply our contacts and expertise in energy efficiency program design to recommend certain actions to the USDA for streamlined and effective delivery of program funding.

Our first step in this process has been to identify what programs are already available. We undertook a survey to summarize available energy efficiency and renewable energy programs for small farms (see attached). The announcement of the survey effort was sent to ACEEE's extensive list of contacts. This was not an exhaustive study, so an extensive follow-up to the initial survey was not implemented. Despite the limited nature of this effort, many of the program responses received were from outside ACEEE's contact base, indicating that there was broad communication of the survey's existence to the agricultural program community. The remainder of this statement highlights the results of the survey as well as ACEEE's general program recommendations.

Results of the Survey

ACEEE received information for 23 programs administering 34 current projects. The specifics of the programs are listed in the attachment to this statement. Table 1 summarizes general attributes of the programs organized by state. When taken together, the surveys reveal several themes that may prove helpful in showing the breadth of existing programs. The four central themes in the surveys were funding, types of farms that qualify, types of services delivered, and funding amount.

Table 1: Summary of Surveyed Programs

State	Types of Farms Served		Source of Funding			Total Programs
	All	Dairy	PBF*	Utility	State	
Arizona	1		1			1
California	3	1	3		1	4
Idaho	3			3		3
Montana	3			3		3
New York	10		10			10
Oregon	3			3		3
Texas	1				1	1
Vermont	1			1		1
Washington	3			3		3
Wisconsin	5		5			5
Total	33	1	19	13	2	34**
Notes: * Public Benefit Funded from assessments on electricity sales **Projects run by the same organization counted separately						

Funding

Responses indicate the existence of programs in 10 states. The funding sources for the programs found in this survey are diverse. Funding for the programs is primarily provided through a Public Benefit Fund (PBF¹) structure, probably because the infrastructure for program rollout is already built into that system.

The four programs run by the *Northwest Energy Efficiency Alliance* (NEEA) are funded by utilities in the states of Washington, Oregon, Montana, and Idaho. Similar in structure to a PBF implementation agency, NEEA is well positioned to organize and maintain programs. Alternatively, the *Texas Photovoltaic Program* was funded by the state budget but was cut late in 2002 due to budget constraints. The program remains in the survey because of its unique approach to solving rural programs, its degree of success in Texas, and its continued support by the program implementer, *Conservation Services Group*.

Types of Qualifying Farms

All types of farms and ranches qualified for support under most programs that returned surveys. Follow-up with survey respondents indicated that general program design reflected the perception that the majority of farms have similar end-uses for energy. For example, since

¹ A Public Benefits Fund is a general term for clean energy programs funded partially or entirely by utility bill surcharges (called a System Benefit Charge or SBC) on customer energy bills. In some states, the PBF is called the SBC, but for our purposes we use the general term, PBF, to describe these funds. PBFs typically cover programs encouraging energy efficiency, renewable energy, low-income housing, and public-benefit research and development programs.

motors use most of the electricity on a variety of types of farms, programs that supported energy-efficient motors are widely applicable and offer substantial opportunity for savings.

Some farm types have more specific energy needs than other types. The *California Dairy Farm Program* administered by *EnSave Energy Performance Incorporated*, uses financial incentives to encourage dairy farmers to upgrade to efficient motors because of the heavy use of motors used in milking vacuum pumps.

Type of Service Provided

Programs also vary in the types of services they deliver. While most of programs represented in the survey promote a specific product (The *Soil Moisture Meter* project from the *Northwest Energy Efficiency Alliance*) or provide an incentive for installation of efficient products (The *California Standard Performance Contract Program*) many also perform technical assistance and offer energy audits. These audits are often the first steps a farmer, rancher, or rural small business takes to determine the potential and cost of energy efficiency opportunities; therefore, audits are an important program element for saving energy. Furthermore, these audits provide the additional benefit of educating the farming community as a whole on energy issues.

Funding Amount

Finally, programs represented in the survey spanned a wide spectrum of funding amounts, from less than \$100,000 to over \$10 million annually. This range of funding is a reflection of the availability of a wide range of energy efficiency and renewable energy technologies and program approaches available to farms, ranches, and rural small businesses.

Recommendations

Through the course of the survey, and in accordance with the general language of section 9006, we offer the following list of recommendations for USDA when implementing this section of the Farm Bill.

1. Initial funding under this section should go to existing programs. The programs listed in the attached database reflect the breadth of programs needed to achieve significant energy savings and increased use of renewable energy on farms and ranches, and in rural small businesses nationwide. These types of programs were started on the basis of a need for energy efficiency and energy alternatives, and they offer many opportunities for savings through an existing channel. Further benefits of using existing programs include the use of proven delivery infrastructure, and that the projects have already secured co-funding as required by section 9006. Programs that receive funding in later years can use these programs as models, and branch out into market areas and regions where the infrastructure is currently lacking.
2. Use experienced farm program implementers. Ability to reach a large number of farmers, ranchers and rural small businesses is based on the infrastructure within the

state to rollout programs. The state with the greatest number of programs identified in our survey is New York, a state with an extensive and well established energy efficiency and renewable resource infrastructure through the *New York Energy Research and Development Authority (NYSERDA)*. Organizations in other states are also well placed to reach many farms. Since the amount of energy saved per farm is modest, using large implementation agencies to reach many farms offers the best energy savings value for the dollar. Also, single agency or a network of implementing agencies helps to minimize duplication and cross incentives between programs, and maximize the benefit from each dollar spent on energy efficiency and renewable resources.

3. Generalize programs for use by all types of farms. The potential for energy savings grows significantly based on the number of farms qualified for the program. Therefore, while narrowly focused energy programs offer significant benefits, given the size of the grant pool, we recommend choosing more broadly based programs.